

Carriers and interconnected VoIP providers must designate a *single* agent for service of process in the District of Columbia for all Commission business. Although FCC Form 499-A permits carriers and interconnected VoIP providers to designate a preferred alternate or local agents for service of process, each designated agent for a particular carrier or interconnected VoIP provider must accept service for all purposes relating to Commission business. A carrier or interconnected VoIP provider may not limit a designated agent's ability to accept service on behalf of the carrier or interconnected VoIP provider by subject matter, by jurisdiction, by affiliate or by any other grounds. The Commission may assume that the local or alternate agent is the filer's preferred destination for all service of process.

Note: New carriers or interconnected VoIP providers must identify an agent for service of process within 30 days of providing service and all carriers or interconnected VoIP provider must notify the FCC within one week if the contact information changes for their D.C. Agent. See Section II-C, above, for filing directions.

### 3. Block 2-C: FCC Registration Information

New telecommunications carriers and other telecommunications providers must register with the Commission when they begin to provide service. Carriers and other telecommunications providers must update registration information within one week of a material change. See Section II-C, above, for filing directions. Registration information includes information reported in Blocks 1, 2-A, 2-B, and 2-C of FCC Form 499-A.

Lines 219-227 -- The third part of Block 2 contains FCC registration information, as required of all interstate telecommunications carriers pursuant to section 64.1195 of the Commission's rules. 47 C.F.R. § 64.1195. As explained above, virtually all carriers filing the FCC Form 499 are considered to be interstate carriers. Interstate telecommunications carriers must provide the names and business addresses of their Chief Executive Officer, Chairman, and President. If the reporting entity does not have one or more of these officers or if the same person occupies more than one position, then names should be supplied for the three most senior-level officers of the reporting entity. For purposes of this filing, an officer is an occupant of a position listed in the articles of incorporation, articles of formation, or other similar legal document. List only one name if the filing entity is a sole proprietorship. If the filing entity is a partnership, list the managing partner on Line 221. If the legal entity is owned by two partners, list the second partner on Line 223. If there are three or more partners, provide information for the managing partner and the two other partners with the greatest financial interest in the partnership.

Line 227 -- check those jurisdictions where the filing entity provided telecommunications service or interconnected VoIP service in the past 15 months, and any additional jurisdictions in which the filing entity expects to provide telecommunications service or interconnected VoIP service in the next 12 months. Identify jurisdictions where customers physically obtain service. For most switched services, identify jurisdictions where customers can originate calls. However, for services where the called party pays, also identify jurisdictions where calls terminate.<sup>26</sup> For example, an operator service provider that handled inmate calls originating in New Jersey and terminating collect in New Jersey, New York, and Pennsylvania, would identify New Jersey, New York, and Pennsylvania as jurisdictions served.

### C. Block 3, Block 4-A and Block 4: Filer Revenue Information

Lines 301-302; 401-402 -- copy the Filer 499 ID from Line 101 into Lines 301 and 401. Copy the legal name of the reporting entity from Line 102 into Lines 302 and 402.

Lines 303-314; 403-423 contain detailed revenue data.

<sup>26</sup> Both parties to a collect call are "consumers." 47 C.F.R. § 64.708. See also 47 C.F.R. § 64.710(b)(1).

1. Separating revenues from other contributors to the federal universal service support mechanisms (Block 3) from end-user and non-telecommunications revenues (Block 4) (carrier's carrier vs. end-user)

In the Telecommunications Reporting Worksheet, filers must report revenues using two broad categories: (1) Revenues from other contributors to the federal universal service support mechanisms; and, (2) Revenues from all other sources. Taken together, these revenues should include all revenues billed to customers and should include all revenues on the reporting entities' books of account.

For the purposes of this Worksheet, "Revenues from services provided for resale by other contributors to federal universal service support mechanisms" are revenues from services provided by underlying carriers to other entities that currently are contributors to universal service support mechanisms and that are resold in the form of telecommunications. Such revenues are referred to herein as "carrier's carrier revenues" or "revenues from resellers." An underlying carrier also may include as carrier's carrier revenues any switched service revenues received from another U.S. carrier where that carrier is using the underlying carrier's service to refile the foreign-billed traffic of a foreign telephone operator. Revenues from all other sources consist primarily of revenues from services provided to end users, referred to here as "end-user revenues." This latter category includes foreign and non-telecommunications revenues.

For the purpose of completing Block 3, a "reseller" is a telecommunications carrier or telecommunications provider that: 1) incorporates purchased telecommunications services into its own telecommunications offerings; and 2) can reasonably be expected to contribute to federal universal service support mechanisms based on revenues from such offerings when provided to end users.

On an interim basis, carriers that provide telecommunications inputs to interconnected VoIP providers should report the resulting revenues as end-user revenues on Line 406. These carriers may not exclude these revenues by invoking the "carrier's carrier" rule.<sup>27</sup>

Each filer should have documented procedures to ensure that it reports as "revenues from resellers" only revenues from entities that reasonably would be expected to contribute to support universal service. The procedures should include, but not be limited to, maintaining the following information on resellers: Filer 499 ID; legal name; address; name of a contact person; and phone number of the contact person. Filers shall provide this information to the Commission or the Administrator upon request. The filer should verify that each reseller will: 1) resell the filer's services in the form of telecommunications (and not as information services); and 2) contribute directly to the federal universal service support mechanisms. If the filer does not have independent reason to know that the reseller satisfies these criteria, it should obtain a signed statement certifying that these criteria are met. Current contributors to universal service are identified at <http://gulfoss2.fcc.gov/cib/form499/499a.cfm>. Filers will be responsible for any additional universal service assessments that result if its customers must be reclassified as end users.

Note: For the purposes of filling out this Worksheet -- and for calculating contributions to the universal service support mechanisms -- certain telecommunications carriers and other providers of telecommunications may be exempt from contribution to the universal service support mechanisms. These exempt entities, including "international only" and "intrastate only" providers and providers that meet the *de minimis* universal service threshold, should not be treated as resellers for the purpose of reporting revenues in Block 3. That is, filers that are underlying carriers should report revenues derived from the provision of telecommunications to exempt carriers and providers (including services provided to entities that are *de minimis* for universal service purposes) on Lines 403-417 of Block 4 of the Telecommunications Reporting Worksheet, as appropriate. Underlying carriers must contribute to the universal service support mechanisms on the basis of such revenues. In Block 5, Line 511, however, filers may elect to report the amounts of such revenues (*i.e.*, those revenues from exempt entities that are

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<sup>27</sup> See 2006 Contribution Methodology Reform Order at paras. 58-59.

reported as end-user revenues) so that these revenues may be excluded for purposes of calculating contributions to TRS, LNPA, and NANPA.

2. Column (a) - total revenues

The reporting entity must report gross revenues from all sources, including non-regulated and non-telecommunications services on Lines 303 through 314 and Lines 403 through 418 and these must add to total gross revenues as reported on Line 419. Gross revenues include account set-up, connection, service restoration, termination and other non-recurring charges. These charges should be reported on the same line that the filer reports any associated recurring revenue. For example, an early termination charge for an interstate private line service would be reported as interstate revenue on Line 415. Deposits are not revenue. Gross revenues should include revenues derived from the activation and provision of interstate, international, and intrastate telecommunications, and non-telecommunications services. Gross revenues consist of total revenues billed to customers during the filing period with no allowances for uncollectibles, settlements, or out-of-period adjustments. Gross revenues do not include amounts that cannot be billed to customers. Gross revenues should include collection overages and unclaimed refunds for telecommunications and telecommunications services when not subject to escheats. Gross billed revenues may be distinct from booked revenues. National Exchange Carrier Association (NECA) pool companies should report the actual gross billed revenues (CABS Revenues) reported to the NECA pool and not settlement revenues received from the pool. Entities making consolidated filings must include in their FCC Form 499 Filings all revenue on the consolidated books of account.

An entity is not required to impute or report revenues for services provided to itself or to wholly owned affiliates unless: 1) it is required to record such revenues for some other federal or state regulatory purpose; or 2) the filer is providing service to an affiliate for resale and the affiliate is not a direct universal service contributor.

If revenue category breakout cannot be determined directly from corporate books of account or subsidiary records, filers may provide on the Worksheet a good-faith estimate of the breakout. Filers may not simply report all revenues on one of the "other revenue" lines.

Where two contributors have merged prior to the filing date, the successor company should report total revenues for the reporting period for all predecessor operations. The two contributors, however, should continue to report separately if each maintains separate corporate identities and continues to operate.<sup>28</sup> Where an entity obtains, through purchase, merger or transfer, the telecommunications operations or customer base of a telecommunications provider during the calendar year, it must report all telecommunications revenues associated with such operations or customer base including revenues billed in the calendar year prior to the date of acquisition.

Gross revenues also should include any surcharges on telecommunications services or interconnected VoIP services that are billed to the customer and either retained by the filer or remitted to a non-government third party under contract. Gross revenues should exclude taxes and any surcharges that are not recorded on the company books as revenues but which instead are remitted to government bodies. Note that any charge included on the customer bill and represented to recover or collect contributions to federal or state universal service support mechanisms must be shown separately on Line 403. Other surcharges treated as revenues should be included in the revenue categories on which the surcharges were levied.

For international services, gross revenues consist of gross revenues billed by U.S. telecommunications providers with no allowances for settlement or settlement-like payments. International settlement and settlement-like receipts for foreign-billed service should not be included in revenues. For common carriers providing international telecommunications services: except in very limited circumstances, such as receipts from foreign carriers for calls

<sup>28</sup> See also Section II-E, above.

that are reoriginated and reported as U.S. billed traffic, the total revenues identified as international on Line 419(e) should match the total U.S. billed revenues that will be reported each year pursuant to 47 C.F.R. § 43.61. For example, if a filer receives payment from a foreign carrier for traffic that the filer receives outside of the United States, brings into the United States, and then refiles and carries the traffic to a foreign point, the filer would not include those settlement-like payments as revenues on the FCC Form 499-A even though they might be reported as revenues on the filer's 43.61 international traffic data report. Note that if the filer receives the traffic in the United States, then it is providing ordinary international service from the United States to a foreign point and receipts from the originating carrier would be reported as revenue on Line 414.

For international private line services, U.S. providers must report on Line 415 revenues from the U.S. portion of the circuit to the theoretical midpoint of the circuit regardless of whether such revenues were billed to the customer by the reporting carrier or by a partner carrier in a foreign point. Circuits within the United States that connect a customer to an international circuit should be reported as interstate. Circuits that connect foreign points should be reported on Line 418.

If you have any revenues for Lines 303-314 and 403-420, you may not omit the dollar amounts from column (a) even if 100% of the revenues are for interstate or international services.

3. Columns (b), (c), (d), and (e) interstate & international

Columns (b), (c), (d), and (e) are provided to identify the part of gross revenues that arise from interstate and international services for each entry on Lines 303 through 314 and Lines 403 through 417. Intrastate telecommunications means communications or transmission between points within the same State, Territory, or possession of the United States, or the District of Columbia. Interstate and international telecommunications means communications or transmission between a point in one state, territory, possession of the United States or the District of Columbia and a point outside that state, territory, possession of the United States or the District of Columbia. Revenues from services offered under interstate tariffs, such as revenues from federal subscriber line charges and from federally tariffed LNP surcharges, should be identified as interstate revenues. This includes amounts incorporated in or bundled with other local service charges.

For example, if a prepaid calling card provider collects a fixed amount of revenue per minute of traffic, and 65 percent of minutes are interstate, then interstate revenues would include 65 percent of the per-minute revenues. Similarly, if a local exchange carrier bills local measured service charges for calls that originate in one state and terminate in another, these billings should be classified as interstate even though the charges are covered by a state tariff and the revenues are included in a local service account. If over ten percent of the traffic carried over a private or WATS line is interstate, then the revenues and costs generated by the entire line are classified as interstate.<sup>29</sup> In general, flat-rated unbundled network access elements should be classified according to the regulatory agency that has primary jurisdiction over the contracts.

Amounts billed to customers to recover federal universal service contribution obligations should be attributed as either interstate or international revenues, as appropriate, but may not be reported as intrastate revenues. Filers should report intrastate revenues on Line 403 only to the extent that actual payments to state universal service programs were recovered by pass-through charges itemized on customer bills.

Note: Where possible, filers should report their amount of total revenues that are interstate and international by using information from their books of account and other internal data reporting systems. Where a filer can determine the precise amount of revenues that it has billed for interstate and international services, it should enter those amounts in columns (d) and (e), respectively.

<sup>29</sup> See 47 C.F.R. § 36.154(a).

If interstate and international revenues cannot be determined directly from corporate books of account or subsidiary records, filers may provide on the Worksheet good-faith estimates of these figures. In such cases, the filer should enter the good-faith estimates of the percentage of interstate and the percentage of international revenues in columns (b) and (c), respectively. A reporting entity may not submit a good-faith estimate lower than one percent unless the correct figure should be \$0. Information supporting good-faith estimates must be made available to either the FCC or to the administrators upon request. Using the good-faith estimate, calculate the amount of interstate revenues as the amount in column (a) times the percentage in column (b), and calculate the amount of international revenues as the amount in column (a) times the percentage in column (c). For convenience, calculated interstate and international revenue amounts that are greater than one thousand dollars may be rounded to the nearest thousand dollars. Please enter zero dollars in columns (d) and (e) if, and only if, there were no interstate revenues for the line for the reporting period.

Note that the FCC provides the following safe harbor percentages of interstate revenues associated with Line 309, Line 409 and Line 410:<sup>30</sup>

- 64.9% of interconnected VoIP telecommunications revenues
- 37.1% of cellular and broadband PCS telecommunications revenues
- 12.0% of paging revenues
- 1.0% of analog SMR dispatch revenues

These safe harbor percentages may not be applied to universal service pass-through charges, fixed local service revenues, or toll service charges. **All filers must report the actual amount of interstate and international revenues for these services.** For example, toll charges for itemized calls appearing on mobile telephone customer bills should be reported as intrastate, interstate or international based on the origination and termination points of the calls.

Wireless telecommunications providers and interconnected VoIP providers that choose to avail themselves of these safe harbor percentages for interstate revenues may assume that the FCC will not find it necessary to review or question the data underlying their reported percentages. All affiliated wireless telecommunications providers and interconnected VoIP providers must make a single election, each quarter, whether to report actual revenues or to use the current safe harbor within the same safe harbor category.<sup>31</sup> So, for example, if in a calendar quarter a wireless telecommunications provider reports actual interstate revenues for its cellular and broadband PCS telecommunications services, all of its affiliated legal entities must also report actual interstate telecommunications revenues for cellular and broadband PCS offerings. The same wireless telecommunications provider and all affiliates, however, could use the safe harbor for paging services. Annual revenues reported on

<sup>30</sup> See 2006 Contribution Methodology Reform Order at paras. 25-27, 53-55. *Federal-State Joint Board on Universal Service, 1998 Biennial Regulatory Review - Streamlined Contributor Reporting Requirements Associated with Administration of Telecommunications Relay Service, North American Numbering Plan, Local Number Portability, and Universal Service Support Mechanisms, Telecommunications Services for Individuals with Hearing and Speech Disabilities, and the Americans With Disabilities Act of 1990, Administration of the North American Numbering Plan and North American Numbering Plan Cost Recovery Contribution Factor and Fund Size, Number Resource Optimization, Telephone Number Portability, Truth-in-Billing and Billing Format, Report and Order and Second Further Notice of Proposed Rulemaking*, CC Docket Nos. 96-45, 98-171, 90-571, 92-237, 99-200, 95-116, 98-170, FCC 02-329 (rel. Dec. 13, 2002) (*Contribution Methodology Order*); see also *Federal-State Joint Board on Universal Service, Memorandum Opinion and Order and Further Notice of Proposed Rulemaking*, CC Docket No. 96-45, 13 FCC Rcd 21252, 21258-60 (1998).

<sup>31</sup> See *Federal-State Joint Board on Universal Service, Order and Order on Reconsideration*, CC Docket No. 96-45, FCC 03-20 (rel. Jan. 30, 2003). Note: Wireless telecommunications providers are "affiliated" for purposes of making the single election whether to report actual interstate telecommunications revenues or use the applicable interim wireless safe harbor if one entity (1) directly or indirectly controls or has the power to control another, (2) is directly or indirectly controlled by another, (3) is directly or indirectly controlled by a third party or parties that also controls or has the power to control another, or (4) has an "identity of interest" with another contributor. See also 47 C.F.R. § 1.2110(c)(5).

the FCC Form 499-A should reflect the filer's reporting of revenues in each quarter on FCC Form 499-Q.

Many carriers and other providers of telecommunications now offer packages that bundle fixed local exchange service with interstate toll service for a single price. Revenues for the whole bundle, except for tariffed subscriber line and PICC charges, should be reported on Line 404, as described more fully below. The portion of revenues associated with interstate and international toll services must be identified in columns (d) and (e), respectively. Filers should make a good faith estimate of the amounts of interstate and international revenues from bundled local/toll service if they cannot otherwise determine these amounts from corporate records, and must make their methodology available to the Commission or the Administrator, upon request.

Interconnected VoIP and CMRS providers may rely on traffic studies if they are unable to determine their actual interstate and international revenues.<sup>32</sup> In developing their traffic studies, interconnected VoIP and CMRS providers may rely on statistical sampling to estimate the proportion of minutes that are interstate and international. Such sampling techniques must be designed to produce a margin of error of no more than one percent with a confidence level of 95%. If the sampling technique does not employ a completely random sample (e.g., if stratified samples are used), then the respondent must document the sampling technique and explain why it does not result in a biased sample. Traffic studies should include, at a minimum: (1) an explanation of the sampling and estimation methods employed; (2) an explanation as to why the study results in an unbiased estimate with the accuracy specified above; (3) all of the underlying data in machine readable form formatted for EXCEL, ACCESS or SAS; and (4) any documentation necessary to facilitate an audit of the study data. In addition, CMRS providers that rely on traffic studies must submit those studies to the Commission and USAC for review. Interconnected VoIP providers that rely on traffic studies must submit their traffic studies to the Commission for prior approval. Until the Commission has approved an interconnected VoIP provider's proposed traffic study, that provider may use the interim safe harbor.<sup>33</sup>

Filers report total uncollectible revenue/bad debt expenses on Lines 421 and 422. Filers that maintain separate detail of uncollectibles by type of business should rely on those records in dividing uncollectible expense between carrier's carrier, contribution base and other revenues, and for dividing uncollectibles associated with contribution base revenues between intrastate, interstate and international categories. Filers that do not have such detail should make such assignments in proportion to reported gross revenues.

#### 4. Explanation of Block 3 and Block 4-A revenue categories

The revenue detail provided in Block 3 on Lines 303 through 314 and in Block 4-A on Lines 403 through 418 should total to total gross revenues reported on Line 419. This section explains the detailed revenue categories.

Filers are instructed to report revenues from other universal service contributors on Lines 303 through 314. See Section III-C-1, above. Filers are instructed to report all other revenues on Lines 403 through 418. In many cases, the line-item categories are duplicated in the two sections. Carriers that are required to use the Uniform System of Accounts (USOA) prescribed in Part 32 of the Commission's rules should base their responses on their USOA account data and supplemental records, dividing revenues into those received from universal service contributors and those received from end users and other non-contributors. All filers should report revenues based on the following descriptions.

<sup>32</sup> See 2006 Contribution Methodology Reform Order at paras. 29-33, 57. See also Policy and Rules Concerning the Interstate, Interexchange Marketplace; Implementation of Section 254(g) of the Communications Act of 1934, as Amended; 1998 Biennial Regulatory Review – Review of Customer Premises Equipment and Enhanced Services Unbundling Rules in the Interexchange, Exchange Access and Local Exchange Markets, CC Docket Nos. 96-61, 98-183, Report and Order, 16 FCC Rcd 7418, 7446-48, paras. 47-51 (2001) (CPE Bundling Order).

<sup>33</sup> See 2006 Contribution Methodology Reform Order at para. 57.

Fixed local service revenue categories

Fixed local services connect a specific point to one or more other points. These services can be provided using either wireline, fixed wireless, or interconnected VoIP technologies and can be used for either local exchange service, private communications, or access to toll services.

Line 303 and Lines 404.1-404.4 -- Monthly service, local calling, connection charges, vertical features, and other local exchange services should include the basic local service revenues except for local private line revenues, access revenues, and revenues from providing mobile or cellular services. These lines should include charges for optional extended area service, dialing features, local directory assistance, added exchange services such as automatic number identification (ANI) or teleconferencing, LNP surcharges, connection charges, charges for connecting with mobile service and local exchange revenue settlements. Revenues for services provided to carriers should be divided between Line 303.1 -- provided as unbundled network elements (UNEs) -- and Line 303.2 -- provided under tariffs or arrangements other than unbundled network elements (for example, resale). Line 303.2 should include Presubscribed Interexchange Carrier Charge (PICC) charges levied on carriers.

Lines 404.1-404.4 should not include subscriber line charges levied under a tariff filed by the reporting entity or placed on customer bills as a pass-through of underlying carrier subscriber line charges. Filers should instead report such revenues on line 405. Note that federal subscriber line charges typically represent the interstate portion of fixed local exchange service. Filers without subscriber line charge revenue must identify the interstate portion of fixed local exchange service revenues in column (d) of the appropriate line 404.1-404.4. Line 404.1-404.4 also should include revenues from federally tariffed LNP surcharges and these surcharges should be identified as interstate revenues.

Line 404.1-404.4 revenues should be divided between local exchange service provided using non-VoIP methods (Lines 404.1 and 404.2) and using interconnected VoIP (Lines 404.3 and Line 404.4). Revenue from non-VoIP plans that include interstate calling as part of the flat monthly fee should be reported on Line 404.1 and revenue from other non-VoIP local exchange services plans should be reported on Line 404.2. Consistent with the filer's books of account, Line 404.1 should include all revenues associated with flat-rate calling plans that allow customers to make fixed local and interstate long distance calls for at least some specified time periods. For revenues reported on Line 401.1, the filer must attribute a portion of the flat monthly charge to local exchange service and an appropriate portion to toll service. Of the portion attributed to toll service, an appropriate share must be identified as interstate and international and shown in columns (d) and (e). If the toll portion is accounted as revenue for an affiliate, that affiliate must show these revenues on Line 404.1 and may not include these revenues on Line 414. Line 404.2 should include all revenues billed for fixed local service that does not include interstate toll calling as part of the flat monthly charge.

Local exchange service provided *via* interconnected VoIP service should be reported in Lines 404.3 or 404.4 depending on whether the revenues are earned from interconnected VoIP offered in conjunction with a broadband connection (Line 404.3) or independent of the broadband connection (Lines 404.4).<sup>34</sup> The filer must attribute a portion of the flat monthly charge to local exchange service and an appropriate portion of this local exchange revenue must be identified as interstate and shown in column (d). We note that for incumbent local exchange carriers the interstate subscriber line charge represents the interstate portion of local exchange service revenues. These amounts are separate from toll revenues and correspond to the costs associated with allowing customers to originate and terminate interstate calls. Interconnected VoIP providers must make a similar allocation. In contrast to the treatment for other combined local and long distance services, the portion of interconnected VoIP charges that correspond to toll services should be reported on Line 414.2 (see below).

Line 304 -- Line 304 should include per-minute charges for originating or terminating calls. This line also would include revenues to the local exchange carrier for messages between a cellular customer and another station within the mobile service area. The line should include any other gross charges to other carriers for the origination or termination of toll or non-toll traffic. Do not deduct or net payments to carriers for origination or termination of traffic on their networks. Revenues for originating and terminating minutes should be divided between Line 304.1 - provided under state or federal access and Line 304.2 - provided as unbundled network elements or other contract arrangements. Do not include international settlement or settlement-like receipts or transiting fees from international toll services.

Line 405 -- Line 405 should include charges to end users specified in access tariffs, such as tariffed subscriber line charges and PICC charges levied by a local exchange carrier on customers that are not presubscribed to an interexchange carrier (*i.e.*, a no-PIC customer). However, Line 405 should not include charges to end users for special access services (which are reported on Line 406). Telecommunications providers that do not have subscriber line charge or PICC tariffs on file with the Commission or with a state utility commission or who are not reselling such tariffed charges, should report \$0 on Line 405.

Line 305 and Line 406 -- Local private line and special access service should include revenues from providing local services that involve dedicated circuits, private switching arrangements, digital subscriber lines, and/or predefined transmission paths. Line 406 should include revenues from special access lines resold to end users unless the service is bundled with, and charged as part of a toll service, in which case the revenues should be reported on the appropriate toll service line. Line 406 also should include revenues from telecommunications inputs provided by carriers to interconnected VoIP providers. Report on Lines 305 and 406 revenues from offering dedicated capacity between specified points even if the service is provided over local area switched ATM or frame relay networks.

Line 306 and Line 407 -- Line 306 should include revenues received from carriers as payphone compensation for originating toll calls. Line 407 should include revenues received from customers paid directly to the payphone service provider, including all coin-in-the-box revenues. Do not deduct commission payments to premises' owners.

Line 307 and Line 408 -- Other local telecommunications service revenues should include local telecommunications service revenues that reasonably would not be included with one of the other fixed local service revenue categories. Line 307 should include charges for physical collocation of equipment pursuant to 47 U.S.C. § 251(c)(6). Report on these lines revenues from offering switched capacity on local area data networks such as ATM or frame relay networks.

Line 308 -- Universal service support revenues should include all amounts that filers receive as universal service support from either states or the federal government. Line 308 should include as revenues Lifeline Assistance reimbursement for the waived portion of subscriber line or presubscribed interexchange carrier charges or credits for subsidized services provided to schools, libraries, and rural health care providers. Line 308 should include amounts

<sup>34</sup> Bundled broadband and interconnection offerings include those offered directly by the reporting entity and those offered by the reporting entity through an affiliate.



received as cash as well as amounts received as credit against contribution obligations. Line 308 should not include any amounts charged to customers to recover universal service or similar contributions.

#### Mobile service

Mobile services are wireless communications between mobile wireless equipment, such as cellular phones, and other points.

Line 309, Line 409, and Line 410 -- Data reported on these lines should contain mobile service revenues other than toll charges to mobile service customers. Charges associated with customer premises equipment should not be included on these lines. A single category -- Line 309 -- is provided for all mobile service provided to resellers. Line 309 should include revenues received from another carrier for roaming service provided to customers of that carrier. For services provided to end users, Line 409 should contain monthly charges, activation fees, service restoration, and service order processing charges, etc. Line 410 should contain message charges, including any roaming charges assessed on customers for calls placed out of customers' home areas and local directory assistance charges. End-user prepaid wireless service revenues attributable to activation and daily or monthly access charges should be reported on Line 409. End-user prepaid wireless service revenues attributable to airtime should be reported on Line 410. Itemized toll charges to mobile service customers should be included in the Lines 413 or 414, as appropriate.

Roaming charges for service provided by foreign carriers operating in foreign points are not U.S. telecommunications revenues and therefore should be reported on Line 418.

#### Toll service revenue categories

Toll services are telecommunications services, wireline, wireless, or interconnected VoIP services, that enable customers to communicate outside of local exchange calling areas. Toll service revenues include intrastate, interstate, and international long distance services.

Line 411 -- This line should include revenues from prepaid calling cards provided either to customers or to retail establishments. Gross billed revenues should represent the amounts actually paid by customers and not the amounts paid by distributors or retailers, and should not be reduced or adjusted for discounts provided to distributors or retail establishments. All prepaid card revenues are classified as end-user revenues. For purposes of completing this Worksheet, prepaid card revenues should be recognized when end-user customers purchase the cards. International revenues may be reported differently on the filer's 43.61 international traffic data reports, where revenues may be based on calls actually placed.

Line 412 -- International calls that traverse the United States but both originate and terminate in foreign points are excluded from the universal service contribution base regardless of whether the service is provided to resellers or to end users. These revenues should be segregated from other toll revenues by showing them on Line 412. Telecommunications providers should not report international settlement revenues from traditional settlement transiting traffic on the Worksheet.

Line 310 and Line 413 -- Operator and toll calls with alternative billing arrangements should include all calling card or credit card calls, person-to-person calls, and calls with alternative billing arrangements such as third-number billing, collect calls, and country-direct type calls that either originate or terminate in a U.S. point. These lines should include all charges from toll or long distance directory assistance. Lines 310 and 413 should include revenues from all calls placed from all coin and coinless, public and semi-public, accommodation and prison telephones, except that calls that are paid for via prepaid calling cards should be included on Line 411 and calls paid for by coins deposited in the phone should be included on Line 407.

Line 311 and Lines 414.1 and Line 414.2 -- Ordinary long distance and other switched toll services should include

amounts from account 5100 -- long distance message revenues-- except for amounts reported on Lines 310, 407, 411, 412 or 413. Line 311 and Line 414.1 and Line 414.2 should include ordinary message telephone service (MTS), WATS, subscriber toll-free, 900, "WATS-like," and similar switched services. This category includes most toll calls placed for a fee and should include flat monthly charges billed to customers, such as account maintenance charges, PCCC pass-through charges, package plans giving fixed amounts of toll minutes, and monthly minimums. Ordinary long distance includes separately stated toll revenue from wireline, wireless and interconnected VoIP services. Ordinary long distance provided to end users using non-interconnected VoIP technologies should be reported on Line 414.1. Ordinary long distance provided to end users using interconnected VoIP should be reported on Line 414.2. Interconnected VoIP long distance service includes: separately stated toll charges provided *via* interconnected VoIP; an allocated share of any interconnected VoIP service plan revenues where the plan includes local and long distance service; and any other interconnected VoIP revenues for providing long distance service.

Where customers are charged a single rate for a combined non-VoIP local and long distance service, all revenues for such service should be reported on Line 404.1. Where customers are charged a single rate for a combined VoIP local and long distance service, the portion of revenues corresponding to local service should be reported on Line 404.2 and the portion of revenues corresponding to long distance service should be reported on line 414.2.

Line 312 and Line 415 -- Long distance private line service should include revenues from dedicated circuits, private switching arrangements, and/or predefined transmission paths, extending beyond the basic service area. Line 312 and Line 415 should include frame relay and similar services where the customer is provided a dedicated amount of capacity between points in different basic service areas. This category should include revenues from the resale of special access services if they are included as part of a toll private line service.

Line 313 and Line 416 -- Satellite services should contain revenues from providing space segment service and earth station link-up capacity used for providing telecommunications or telecommunications services via satellite. Revenues derived from the lease of bare transponder capacity should not be included on Lines (313) and (416).

Line 314 and Line 417 -- All other long distance services should include all other revenues from providing long distance communications services. Line 314 and Line 417 should include toll teleconferencing. Line 314 and Line 417 should include switched data, frame relay and similar services where the customer is provided a toll network service rather than dedicated capacity between two points.

#### Other revenue categories

Line 403 -- Itemized charges levied by the reporting entity in order to recover contributions to state and federal universal service support mechanisms should be classified as end-user billed revenues and should be reported on Line 403. Any charge that is identified on a bill as recovering contributions to universal service support mechanisms must be shown on Line 403 and should be identified as either interstate or international revenues, as appropriate. Filers should report intrastate revenues on line 403 only to the extent that actual payments to state universal service programs were recovered by pass-through charges itemized on customer bills.

Line 418.1 and 418.2 -- Other revenues that should not be reported in the contribution bases. Lines 418.1 and 418.2 should include all non-telecommunications service revenues on the reporting entity's books, as well as some revenues that are derived from telecommunications-related functions, but that should not be included in the universal service or other fund contribution bases. For example, information services offering a capability for generating, acquiring, storing, transforming, processing, retrieving, utilizing, or making available information via telecommunications are not included in the universal service or other fund contribution bases. Information services do not include any use of any such capability for the management, control, or operation of a telecommunications system or the management of a telecommunications service. Information services also are called enhanced services because they are offered over transmission facilities used in interstate communications and employ computer processing applications that act on the format, content, code, protocol, or similar aspects of the subscriber's transmitted information; provide the subscriber additional, different, or restructured information; or involve

subscriber interaction with stored information. For example, call moderation and call transcription services are information services. These services are exempt from contribution requirements and should be reported on Lines 418.1 or 418.2. Lines 418.1 and 418.2 should include revenues from published directory and billing and collection services. Lines 418.1 and 418.2 should include revenues from the sale, lease, installation, maintenance, or insurance of customer premises equipment (CPE). Lines 418.1 and 418.2 should include inside wiring charges and inside wiring maintenance insurance. Lines 418.1 and 418.2 should include the sale or lease of transmission facilities, such as dark fiber or bare transponder capacity, that are not provided as part of a telecommunications service or as a UNE. Lines 418.1 and 418.2 should include pole attachment revenues. Lines 418.1 and 418.2 should include revenues from providing open video systems (OVS), cable leased access, and direct broadcast satellite (DBS) services. Lines 418.1 and 418.2 should include late payment charges and charges (penalties) imposed by the company for customer checks returned for non-payment. Lines 418.1 and 418.2 should include revenues from telecommunications services provided in a foreign country where the traffic does not transit the United States or where the carrier is providing service as a foreign carrier, i.e. a carrier licensed in that country.

The Commission adopted two “safe harbor” methods for allocating revenue when telecommunications and CPE/enhanced services are offered as a bundled package.<sup>35</sup> The first option is to report revenues from bundled telecommunications and CPE/enhanced service offerings based on the unbundled service offering prices, with no discount from the bundled offering being allocated to telecommunications services. Alternatively, contributors may elect to treat all bundled revenues as telecommunications service revenues for purposes of determining their universal service obligations. Filers may choose to use allocation methods other than the two described above. Filers should realize, however, that any other allocation methods may not be considered reasonable, and will be evaluated on a case-by-case basis in an audit or enforcement context.

5. Block 4-B total revenue and uncollectible revenue information

The Administrator relies on the detail line information on the Worksheet to arrive at the totals shown in Block 4-B. The Administrator will attempt to resolve conflicts between any sums that differ from the information entered into the totals on Block 4-B.

Line 419 -- Gross billed revenues from all sources should equal the sum of revenues by type of service reported on Lines 303 through 314 and Lines 403 through 418.

Line 420 -- Universal service contribution base revenues should equal the subtotal of Lines 403 through 411 and Lines 413 through 417 for each column. The totals on this line represent gross end-user revenues for the purpose of determining contributions to universal service support mechanisms. See also instructions for Line 511 in Section III-D.

Line 421 -- Show the uncollectible revenue/bad debt expense associated with gross billed revenues amounts reported on Line 419. This should be the amount reported as bad debt expense in the filer’s income statement for the year. Note that it will include uncollectibles associated with all revenue on the filer’s books (Line 419), covering carrier’s carrier revenues, end-user telecommunications revenues and revenues reported on Line 418. The contributor’s uncollectible revenues/bad debt expense should be calculated in accordance with Generally Accepted Accounting Principles. Thus, uncollectibles should represent the portion of gross billed revenues that the contributor reasonably expects will not be collected. Note that uncollectibles may not include any amounts associated with unbillable revenues.<sup>36</sup> Filers that operate on a cash basis should report \$0 on this line.

<sup>35</sup> *Policies and Rules Concerning the Interstate, Interexchange Marketplace, Implementation of Section 254(g) of the Communications Act of 1934, as amended, 1998 Biennial Regulatory Review -- Review of Customer Premises Equipment And Enhanced Services Unbundling Rules In the Interexchange, Exchange Access And Local Exchange Markets*, Report and Order, CC Docket No. 96-61, 16 FCC Rcd 7418 (2001).

<sup>36</sup> See *Contribution Methodology Order*, FCC 02-329 (rel. Dec. 13, 2002), footnote 95.

Line 422 -- Show the portion of the uncollectible revenue/bad debt expense reported on Line 421 that is associated with just the universal service contribution base amounts reported on Line 420.<sup>37</sup> Filers that maintain separate detail of uncollectibles by type of business should rely on those records in determining the portion of gross uncollectibles reported on Line 421 that should be reported on Line 422. Filers that do not have such detail should make such assignments in proportion to reported gross revenues. Filers must be able to document how the amounts reported on Line 422 relate to the uncollectible revenue/bad debt expense associated with gross billed revenues reported on Line 421.

In exceptional circumstances, amounts reported on Line 422 may exceed amounts reported on Line 421 or either amount might actually be negative. These situations can arise where amounts previously written off as uncollectible subsequently are collected.

Line 423 -- Net universal service contribution base revenues should equal the amounts reported on Line 420 minus the amounts reported on Line 422.

6. Notes for carriers that use the USOA

The revenue accounts in the USOA as adopted in 1986 generally correspond to specific revenue lines in Block 3 and Block 4. For example, revenue amounts recorded in accounts 5001, 5002, 5050, 5060 and 5069 should be reported on Line 303 or Line 404, as appropriate. Similarly, revenues recorded in account 5280 should be reported on Line 407. There are some exceptions. For example, monthly and connection revenues from mobile services provided to end users in account 5004 should be reported on Line 409. Per-minute revenues from end users in account 5004 should be reported on Line 410. However, revenues in account 5004 from exchanging traffic with mobile service carriers should be reported on Line 304. Similarly, state per-minute access revenues recorded in account 5084 should be reported on Line 304; state special access revenues recorded in account 5084 should be reported on Line 305 and Line 406, as appropriate; and, state subscriber line charge revenues recorded in account 5084 should be reported on Line 405. Uncollectible revenue recorded in account 5300 should be reported on Line 421. The portion of these revenues that correspond to contribution base revenues should be reported on Line 422.

In 2001, the Commission adopted changes to the USOA.<sup>38</sup> These changes in account structure have not changed which revenues should be reported on which FCC Form 499 lines. Most revenues classified in account 5001 -- basic area revenues, should continue to be reported on Line 303 or Line 404. However, local exchange carrier revenues from mobile carriers for calls between wireless and wireline customers should be reported on Line 304 and revenues from mobile services on Line 309, Line 409 or Line 410, as appropriate. Revenues classified in account 5200, miscellaneous revenues, should be divided into several lines for reporting purposes. For example, account 5200 includes revenues derived from UNEs, which should continue to be reported on Line 303 and, reciprocal compensation, which will continue to be reported on Line 304.

Some types of incidental regulated revenues contained in account 5200, miscellaneous revenues, will continue to be reported on Lines 403 through 408. These include collection overages and non-refundable prepaid amounts that are not used by the customer. Note that late payment charges, bad check penalties imposed by the company,

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<sup>37</sup> See *Contribution Methodology Order*, FCC 02-329 (rel. Dec. 13, 2002). Also see, for example, *Proposed First Quarter 2004 Universal Service Contribution Factor* CC Docket No. 96-45, Released December 4, 2003; DA 03-3866.

<sup>38</sup> See *2000 Biennial Regulatory Review – Comprehensive Review of the Accounting Requirements and ARMIS Reporting Requirements for Incumbent Local Exchange Carriers: Phase 2*, CC Docket No. 00-199, Report and Order in CC Docket Nos. 00-199, 97-212, and 80-286 and Further Notice of Proposed Rulemaking in CC Docket Nos. 00-199, 99-301, and 80-286, 16 FCC Rcd 19911 (2001), *recon. pending*.

enhanced services, billing and collection, customer premises equipment sale, lease or insurance, and published directory revenues should continue to be reported on Line (418).

Revenues recorded in account 5100, long distance network service revenues, will continue to be reported on Line 310 through Line 314 and Line 411 through Line 417, as appropriate.

D. Block 5: Additional Revenue Breakouts

Lines 501-502 -- Copy the Filer 499 ID from Line 101 into Line 501. Copy the legal name of the reporting entity from Line 102 into Line 502.

Lines 503-510 -- In these lines, filers should identify the percentages of their telecommunications revenues by LNPA region. Payphone service providers, private service providers, and shared-tenant service providers that have certified that they are exempt from contributing to the shared costs of LNP need not provide these breakdowns. Carriers should calculate or estimate the percentage of revenues that they billed in each region based on the amount of service they actually provided in the parts of the United States listed for each region. The percentages in column (a) should add to 100% unless the filer did not provide any services for resale by other contributors to the federal universal service support mechanisms. The percentages in column (b) should add to 100% unless the filer did not provide any telecommunications services to end users or non-contributing carriers. Carriers do not need to complete column (a) if they have some end-user revenues in each of the regions in which they have carrier operations.

Line 511 -- Identify revenues from resellers that do not contribute to universal service support mechanisms and that are included in Block 4. Revenues from resellers that do not contribute to universal service support mechanisms are included on Line 420 but may be excluded from a filer's TRS, NANPA, LNP, and FCC interstate telephone service provider regulatory fee contribution bases. To have these amounts excluded, the filer has the option of identifying such revenues on Line 511. Line 420 may contain revenues from some FCC Form 499 filers that are exempt from contributing directly to universal service support mechanisms. For example, these would include filers that meet the universal service *de minimis* exception or that provide "international only" service. Since these universal service exempt entities generally do contribute directly to the TRS, LNP, and NANPA mechanisms, revenues from these entities need not be included in the underlying service provider contribution bases for those mechanisms. Filers choosing to report revenues on Line 511 must have the FCC Filer 499 ID for each customer whose revenues are so reported.

E. Block 6: Certification.

Lines 601-602 -- Copy the Filer 499 ID from Line 101 into Line 601. Copy the legal name of the reporting entity from Line 102 into Line 602.

Line 603 -- In this line, filers may certify that they are exempt from one or more contribution requirement(s) by checking the box next to the mechanism(s) from which they are exempt. As explained above, the FCC Form 499 Telecommunications Reporting Worksheet enables telecommunications carriers and service providers to satisfy a number of requirements in one consolidated form. Not all entities that file the Telecommunications Reporting Worksheet must contribute to all of the support and cost-recovery mechanisms (universal service, LNP, TRS, and NANPA). For example, certain telecommunications providers that are not telecommunications carriers must contribute to the universal service support mechanisms, but not to the TRS, LNP, and NANPA mechanisms. Section IV-A below provides summary information on which filers must contribute and which filers are exempt from particular contribution requirements. Filers that certify that they are exempt from one or more mechanism(s) should use the space provided on Line 603 to explain the exemption.

Note: It is not necessary for a filer to certify that it is *de minimis* for universal service purposes because the universal service administrator can determine whether a filer meets the contribution threshold from other information provided on the form. If, however, a reseller or other provider of telecommunications qualifies for the *de minimis* exemption,

it must notify its underlying carriers that it is not contributing directly to universal service, so that it may be treated as an end user when the underlying carriers file FCC Form 499.

Line 604 – In this line, filers indicate whether they are exempt from FCC regulatory fees or the filer is an “exempt telecommunications company.”<sup>39</sup> A state or local governmental entity is any state, possession, city, county, town, village, municipal corporation, or similar political organizations.<sup>40</sup> The second check box identifies organizations duly qualified as a nonprofit, tax exempt entity under section 501 of the Internal Revenue Code, 26 U.S.C. § 501. These organizations typically qualify for non-profit status under sections 501(c)(3) or 501(c)(12). Note that such entities are not exempt from universal service, TRS, LNP, or NANPA contributions unless they qualify under some other exemption.

Section 34(a)(1) of the Public Utility Holding Company Act of 1935 (PUHCA) allows registered public utility holding companies to enter the telecommunications industry without prior Securities and Exchange Commission (SEC) approval by acquiring or maintaining an interest in an “exempt telecommunications company”. Moreover, exempt public utility holding companies, by owning or acquiring an interest in an exempt telecommunications company, may acquire a “safe harbor” from potential SEC regulation under PUHCA Section 3(a). The law vests the Commission with jurisdiction to determine whether a company warrants exempt status based on specific statutory criteria. Filers that are exempt telecommunications companies affiliated with a public utility holding company must identify themselves by checking the appropriate box on Line 604.

Line 605 – Filers may use the box in Line 605 to request nondisclosure of the revenue information contained on the Telecommunications Reporting Worksheet. By checking this box, the officer of the company signing the Worksheet certifies that the information contained on the Worksheet is privileged or confidential commercial or financial information and that disclosure of such information would likely cause substantial harm to the competitive position of the company filing the Worksheet. This box may be checked in lieu of submitting a separate request for confidentiality pursuant to section 0.459 of the Commission’s rules.<sup>41</sup> All decisions regarding disclosure of company-specific information will be made by the Commission. The Commission regularly makes publicly available the names (and Block 1 and 2-B contact information) of the entities that file the Telecommunications Reporting Worksheet and information on which filers contribute to which funding mechanisms, including entities that checked the boxes in Line 603.

Lines 606-611 – An officer of the reporting entity must examine the data provided in the Telecommunications Reporting Worksheet and certify that the information provided therein is accurate and complete. Officers of entities making consolidated filings should refer to Section II-B, above and must certify that they comply with the conditions listed in Section II-B. An officer is a person who occupies a position specified in the corporate by-laws (or partnership agreement), and would typically be president, vice president for operations, vice president for finance, comptroller, treasurer, or a comparable position. If the reporting entity is a sole proprietorship, the owner must sign the certification. The signature on Line 606 must be in ink.

Reporting entities have the opportunity to enter data, verify, submit and certify FCC Forms 499-A and 499-Q online via a web-based data entry system. Company officers, who have previously filed a signed paper form, may certify

<sup>39</sup> 47 C.F.R. § 1.1162(c). The FCC will presume that otherwise exempt carriers prefer to pay FCC regulatory fees unless they check this box.

<sup>40</sup> 47 C.F.R. § 1.1162(b).

<sup>41</sup> 47 C.F.R. § 0.459. See also *Examination of Current Policy Concerning the Treatment of Confidential Information Submitted to the Commission*, GC Docket No. 96-55, Report and Order, 13 FCC Rcd 24816 (1998) (listing the showings required in a request that information be withheld and stating that the Commission may defer action on such requests until a formal request for public inspection has been made).

subsequent forms online without being required to submit signed paper forms. For those officers, an electronic signature in the signature block of each form certified by that officer will be considered the equivalent to a handwritten signature on the form. By entering his or her electronic signature into the signature block of each form, the officer, therefore, acknowledges that such electronic signature certifies his or her identity and attests under penalty of perjury as to the truth and accuracy of the information contained in each electronically signed form. Visit <http://www.universalservice.org/fund-administration/forms> for more information and access to the online filing system.

A person who willfully makes false statements on the Worksheet can be punished by fine or imprisonment under Title 18 of the United States Code.<sup>42</sup>

Line 612 – Indicate whether this filing is an original filing for the year, due on April 1, a registration filing for a new service provider, a filing with revised registration information or a filing with revised revenue information. See Sections II-C and II-E, above, for information on the obligation to file revisions.

#### IV. Calculation of Contributions

##### Figure 3 Contribution Requirements

Most filers must contribute to the universal service, TRS, NANPA, and LNPA funding mechanisms. This section provides a short summary to assist carriers and service providers in determining whether they must contribute to one or more of the mechanisms. Filers should consult the Commission's rules and orders to determine whether they must contribute to one or more of the mechanisms.

**Federal universal service support mechanisms.** Entities that provide interstate telecommunications to the public for a fee must contribute to the universal service support mechanisms. *See* 47 C.F.R. § 54.706.

**Telecommunications Relay Services.** Every common carrier providing interstate telecommunications services shall contribute to the TRS Fund. *See* 47 C.F.R. § 64.604.

**North American Numbering Plan Administration.** All telecommunications carriers in the United States shall contribute to meet the costs of establishing numbering administration. *See* 47 C.F.R. § 52.17.

**Shared Costs of Local Number Portability.** The shared costs of long-term number portability attributable to a regional database shall be recovered from all telecommunications carriers providing telecommunications service in that region. *See* 47 C.F.R. § 52.32.

Figure 3 summarizes which telecommunications carriers and service providers must file for particular purposes.

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<sup>42</sup> *See* 18 U.S.C. § 1001.

**Figure 3: Which telecommunications carriers and telecommunications providers must contribute for which purposes<sup>43</sup>**

Type of filer	Universal Service	TRS	NANPA	LNPA
<i>De minimis</i> payphone aggregators that do not also have telecommunications carrier revenues		X		
Other payphone aggregators that do not also have telecommunications carrier revenues	X	X		
Telecommunications providers with no telecommunications service revenues <u>and</u> that are <i>de minimis</i>				
Telecommunications providers with no telecommunications service revenues <u>and</u> that are not <i>de minimis</i>	X			
Telecommunications carriers that provide services only to other universal service contributors			X	X
Telecommunications carriers that provide only international services		X	X	X
Telecommunications carriers that provide only intrastate services			X	X
Satellite carriers providing interstate telecommunications services	X	X	X	X
<i>De minimis</i> telecommunications carriers providing interstate telecommunications		X	X	X
All other telecommunications carriers providing interstate telecommunications	X	X	X	X
Interconnected VoIP providers	X			

<sup>43</sup> This chart is provided for informational purposes only. It is not intended to be exhaustive, nor is it intended to serve as legal guidance or precedent. Filers are instructed to consult the Commission's rules and orders to determine whether they must contribute to one or more of the mechanisms. See 47 C.F.R. §§ 52.17, 52.32, 54.706, 64.604.



**B. Contribution Bases**

Filers do not calculate, in this Worksheet, the amounts that they must contribute. The administrators will use the revenue information on the Worksheet to calculate a funding base and individual contributions for each support mechanism. Individual contributions are determined by the use of "factors" -- factors reflect the total funding requirement of a particular mechanism divided by the total contribution base for that mechanism. Information on the contribution bases and individual filer contributions are shown in Figure 4.

**Figure 4: Contribution bases**

Support Mechanism	Funding Basis
Universal service low income and high cost; Universal service schools and libraries and rural health care	Line 423(d)* + Line 423(e) ** less revenues corresponding to universal service contributions***
TRS (Filers with interstate or international end-user revenues must pay a minimum of \$25)	Line 420(d) + Line 420(e) plus Line 412(e) less Line 511(b)
NANPA (Filers with end-user revenues must pay a minimum of \$25. Filers with no end-user revenues must pay \$25.)	Line 420(a) plus Line 412(a) less Line 511(a)
LNPA - by region (Filers with no end-user revenues must pay \$100)	Line 420(a) plus Line 412(a) less Line 511(a) times percentage of end-user revenues shown on Lines 503 through 509
<p>* As of April 2003, monthly billings for universal service are based on projected collected revenue information filed on the quarterly FCC Form 499-Q. Historical amounts reported on FCC Form 499-Q Line 116(b) and (c) correspond to FCC Form 499-A Line 420(d) and (e), respectively. The FCC Form 499-Q provides instructions for projecting revenues, and for removing uncollectible amounts from billed revenue projections. Projected collected revenues on FCC Form 499-Q Line 120(b) and (c) correspond to net universal service base revenues on FCC Form 499-A Line 423 (d) and (e), respectively. The amounts filed on the FCC Form 499-A are used to review and true-up FCC Form 499-Q filings and associated contributions.</p> <p>** Line 423(e) is excluded from the contribution base if the total of amounts on Line 423(d) for the filing entity consolidated with all affiliates is less than 12% of the total of Line 423(d) + Line 423(e) for the filing entity consolidated with all affiliates. See 47 C.F.R. §54.706(c).</p> <p>*** For the second quarter of 2002 through the first quarter of 2003, the contribution base for an individual filer was the subject interstate and international revenues from two quarters prior, less the universal service contributions actually made in that prior quarter.<sup>44</sup> Starting in the second quarter of 2003, the contribution base for an individual filer is the projected collected interstate and international revenues for the quarter, reduced by an imputed amount of universal service support pass-through charges, based on the actual factor for the quarter.<sup>45</sup></p>	

<sup>44</sup> See *First Further Notice*, 17 FCC Rcd 3752 (2002).

<sup>45</sup> See *Contribution Methodology Order*, FCC 02-329 (rel. Dec. 13, 2002). See also, e.g., *Proposed First Quarter 2004 Universal Service Contribution Factor*, CC Docket No. 96-45, Public Notice, DA 03-3866 (rel. Dec. 4, 2003).

V. Reminders

- File the FCC Form 499-A online at <http://forms.universalservice.org>.
- Is the filer affiliated with another telecommunications provider? Each legal entity must file separately unless they qualify for filing on a consolidated basis. See Section II-B above. Each affiliate or subsidiary must show the same holding company information on Lines 106.1 and 106.2.
- Provide data for all lines that apply. Show a zero for services for which the filer had no revenues for the filing period. Be sure to include on Line 112 all names by which the filer is known to customers, including the names of agents or billers if those names appear on customer bills.
- Telecommunications providers that are required to contribute to universal service support mechanisms must also file quarterly FCC Form 499-Q on February 1, May 1, August 1 and November 1.
- Wherever possible, revenue information should be taken from the telecommunications providers' financial records.
- The Worksheet must be signed by an officer of the reporting entity. An officer is a person who occupies a position specified in the corporate by-laws (or partnership agreement), and would typically be president, vice president for operations, comptroller, treasurer, or a comparable position.
- Do not mail the Worksheet to the FCC. See Section II-C for filing instructions.
- Remember -- you must refile parts of the Worksheet if the Agent for Service of Process or FCC Registration information changes during the year.
- Note that FCC Form 499 is one of several forms that telecommunications carriers and other providers of interstate telecommunications may need to file. Information concerning common filing requirements for such providers may be found on the Commission's web site, at [www.fcc.gov/wcb/filing.html](http://www.fcc.gov/wcb/filing.html)

If you have questions about the Worksheet or the instructions, you may contact:

Form 499 Telecommunications Reporting	Form499@ universalservice.org
Worksheet Information	(888) 641-8722
Wireline Competition Bureau	
Industry Analysis and Technology Division	(202) 418-0940
TTY	(202) 418-0484

If you have questions regarding contribution amounts, billing procedures or the mechanisms, you may contact:

Universal Service Administration	(888) 641-8722
TRS Administration	(973) 884-8173
NANPA Billing and Collection Agent	(613) 236-9191
Local Number Portability Administrators	(877) 245-5277

- FEDERAL COMMUNICATIONS COMMISSION -

**APPENDIX D**

**PROPOSED REVISED FORM 499-Q**

**FCC Form 499-Q Telecommunications Reporting Worksheet**

Quarterly Filing for Universal Service Contributors

&gt;&gt;&gt; Please read instructions before completing &lt;&lt;&lt;

Approval by OMB  
3060-0855**Block 1: Contributor Identification Information**

101

Filer 499 ID

102 Legal name of reporting entity

103 IRS employer identification number

104 Name telecommunications provider is doing business as

105 Holding company [All affiliated companies should show same name here.]

106 FCC Registration Number (FRN)

107 Complete mailing address of reporting entity's corporate headquarters

**Block 2: Contact Information**

108 Person who completed this worksheet

First

MI

Last

109 Telephone number of this person

( ) -

110 Fax number of this person

( ) -

111 Email of this person

112 Billing address and billing contact person:  
[Bills for Universal Service contributions will be sent to this address.]**Block 3: Contributor Historical and Projected Revenue Information**

113 Year of historical revenue information

Filing due

114 Indicate which  
quarterly filing  
this represents☐

February 1

☐

May 1

☐

August 1

☐

November 1

Historical revenues for

October 1 - December 31 (prior year)

January 1 - March 31

April 1 - June 30

July 1 - September 30

Projected revenues for

April 1 - June 30

July 1 - September 30

October 1 - December 31

January 1 - March 31 (following calendar year)

Historical billed revenues with no allowance or deductions for uncollectibles. See instructions.

Total  
Revenues  
(a)Interstate  
Revenues  
(b)International  
Revenues  
(c)

115 Telecommunications provided to other universal service contributors for resale as telecommunications

116 End-user telecommunications revenues including any pass-through charges for universal service contributions, but excluding international-to-international revenues

117 All other goods and services

Column (b) and (c) not requested

118 Gross-billed revenues from all sources [sum of above]

for Lines 117 and 118

119 Projected gross-billed end-user interstate and international telecommunications revenues including any pass-through charges for universal service contributions, but excluding international-to-international revenues

120 Projected collected end-user interstate and international telecommunications revenues including any pass-through charges for universal service contributions, but excluding international-to-international revenues

**Block 4: CERTIFICATION: to be signed by an officer of the reporting entity**121 I certify that the revenue data contained herein are privileged and confidential and that public disclosure of such information would likely cause substantial harm to the competitive position of the company. I request nondisclosure of the revenue information contained herein pursuant to sections 0.459, 52.17, 54.711 and 64.604 of the Commission's Rules. ☐

I certify that I am an officer of the above-named reporting entity, that I have examined the foregoing report and to the best of my knowledge, information and belief, all statements of fact contained in this Worksheet are true, that said Worksheet is an accurate statement of the affairs of the above-named company for the quarter and that the projections of gross-billed and collected revenues represent a good-faith estimate based on company procedures and policies.

122 Signature

123 Printed name of officer

First

M

Last

124 Position with reporting entity

125 Email of officer || Required if available ||

126 Date

127 This filing is:

☐

Original filing

☐

Revised filing [revisions due within 45 days of original filing deadline]

Do not mail checks with this form. Send this form to: Form 499 Data Collection Agent c/o USAC 2000 L Street, N.W. Suite 200 Washington DC, 20036

For additional information regarding this worksheet contact: Telecommunications Reporting Worksheet Info: (888) 641-8722 or via e-mail: Form499@universalservice.org

PERSONS WILLFULLY MAKING FALSE STATEMENTS IN THE WORKSHEET CAN BE PUNISHED BY FINE OR IMPRISONMENT UNDER TITLE 18 OF THE UNITED STATES CODE, 18 U.S.C. §1001

Save time, avoid problems -- file electronically at

<http://forms.universalservice.org>FCC Form 499-Q  
August 2006

## **Telecommunications Reporting Worksheet, FCC Form 499-Q**

### **Instructions for Completing the Quarterly Worksheet for Filing Contributions to Universal Service Support Mechanisms**

\* \* \* \* \*

NOTICE: Sections 54.706, 54.711, and 54.713 of the Federal Communications Commission's rules require all telecommunications carriers providing interstate telecommunications services, interconnected voice-over-Internet-protocol (VoIP) providers that provide interstate telecommunications, providers of interstate telecommunications that offer interstate telecommunications for a fee on a non-common carrier basis, and payphone providers that are aggregators to contribute to universal service and file this Telecommunications Reporting Worksheet (FCC Form 499-Q or Worksheet) on February 1, May 1, August 1, and November 1, each year. 47 C.F.R. §§ 54.706, 54.711, 54.713. This collection of information stems from the Commission's authority under Sections 151(i) and 254 of the Communications Act of 1934, as amended (Communications Act or Act), 47 U.S.C. §§ 151(i), 254. The data in the Worksheet will be used to calculate contributions to the universal service support mechanisms. Selected information provided in the Worksheet will be made available to the public in a manner consistent with the Commission's rules.

We have estimated that each response to this collection of information will take, on average, 10.0 hours. Our estimate includes the time to read the instructions, look through existing records, gather and maintain the required data, project growth or decline in revenues, and actually complete and review the form or response. If you have any comments on this estimate, or how we can improve the collection and reduce the burden it causes you, please write the Federal Communications Commission, AMD-PERF, Washington, D.C. 20554, Paperwork Reduction Project (3060-0855). We also will accept your comments via the Internet if you send them to [Judith-B.Herman@fcc.gov](mailto:Judith-B.Herman@fcc.gov). Please DO NOT SEND COMPLETED WORKSHEETS TO THIS ADDRESS.

Remember -- You are not required to respond to a collection of information sponsored by the Federal government, and the government may not conduct or sponsor this collection, unless it displays a currently valid Office of Management and Budget (OMB) control number. This collection has been assigned an OMB control number of 3060-0855.

The Commission is authorized under the Communications Act of 1934, as amended, to collect the information we request in this form. We will use the information that you provide to determine contribution amounts. If we believe there may be a violation or potential violation of a statute or a Commission regulation, rule, or order, your Worksheet may be referred to the Federal, state, or local agency responsible for investigating, prosecuting, enforcing, or implementing the statute, rule, regulation, or order. In certain cases, the information in your Worksheet may be disclosed to the Department of Justice, court, or other adjudicative body when (a) the Commission; or (b) any employee of the Commission; or (c) the United States government, is a party to a proceeding before the body or has an interest in the proceeding.

With the exception of your employer identification number, if you do not provide the information we request on the Worksheet, the Commission may consider you in violation of sections 1.47, 52.17, 52.32, 54.713, and 64.604 of the Commission's rules. 47 C.F.R. §§ 1.47, 52.17, 52.32, 54.713, and 64.604.

The foregoing Notice is required by the Paperwork Reduction Act of 1995, P.L. No. 104-13, 44 U.S.C. §§ 3501, *et seq.*

\* \* \* \* \*

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File FCC Form 499-A online. See: <http://forms.universalservice.org>

## I. Introduction

As required under the Communications Act of 1934, as amended,<sup>1</sup> the Commission has established procedures to finance universal service support mechanisms. To accomplish this Congressionally-directed objective, contributions are collected from telecommunications carriers providing interstate telecommunications and certain other providers of interstate telecommunications (including interconnected VoIP providers). This Worksheet sets forth information that the contributor must submit, so that the administrator of the universal service support mechanisms may calculate and assess contributions.<sup>2</sup>

## II. Filing Requirements and General Instructions

### A. Who Must File

All providers of interstate telecommunications within the United States,<sup>3</sup> with very limited exceptions, must file an FCC Form 499-Q Telecommunications Reporting Worksheet.<sup>4</sup>

For purposes of determining whether an entity provides telecommunications, please note that the term "telecommunications" means the transmission, between or among points specified by the user, of information of the user's choosing, without change in the form or content of the information as sent and received. For the purpose of filing, the term "interstate telecommunications" includes, but is not limited to, the following types of services: wireless telephony, including cellular and personal communications services (PCS); paging and messaging services; dispatch services; mobile radio services; operator services; access to interexchange service; special access; wide area

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<sup>1</sup> 47 U.S.C. §§ 151 *et seq.*

<sup>2</sup> On March 9, 2001, the Commission modified its rules to base universal service contributions on information reported on quarterly Telecommunications Reporting Worksheet filings, with an annual true-up based on information reported on annual Telecommunications Reporting Worksheets. *Federal-State Joint Board on Universal Service; Petition for Reconsideration filed by AT&T*, CC Docket No. 96-45, FCC 01-85 (rel. Mar. 14, 2001). See also *1998 Biennial Regulatory Review -- Streamlined Contributor Reporting Requirements Associated with Administration of Telecommunications Relay Services, North American Numbering Plan, Local Number Portability, and Universal Service Support Mechanisms*, Report and Order, FCC 99-175, CC Docket No. 98-171 (rel. Jul. 14, 1999) (*Contributor Reporting Requirements Order*).

<sup>3</sup> For this purpose, the United States is defined as the contiguous United States, Alaska, Hawaii, American Samoa, Baker Island, Guam, Howland Island, Jarvis Island, Johnston Atoll, Kingman Reef, Midway Island, Navassa Island, the Northern Mariana Islands, Palmyra, Puerto Rico, the U.S. Virgin Islands, and Wake Island.

<sup>4</sup> Section 254(d) applies not only to "every telecommunications carrier that provides interstate telecommunications services" but also to certain "other provider[s] of interstate telecommunications." 47 U.S.C. § 254(d) (emphasis added). See 47 U.S.C. §§ 3(43), (46); *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Report and Order, 12 FCC Rcd 8776 (1997) (*Universal Service Order*); *Universal Service Contribution Methodology*; *Federal-State Joint Board on Universal Service, 1998 Biennial Regulatory Review -- Streamlined Contributor Reporting Requirements Associated with Administration of Telecommunications Relay Service, North American Numbering Plan, Local Number Portability, and Universal Service Support Mechanisms, Telecommunications Services for Individuals with Hearing and Speech Disabilities, and the Americans with Disabilities Act of 1990, Administration of the North American Numbering Plan and North American Numbering Plan Cost Recovery Contribution Factor and Fund Size, Number Resource Optimization, Telephone Number Portability, Truth-in-Billing and Billing Format*, WC Docket No. 06-122, CC Docket Nos. 96-45, 98-171, 90-571, 92-237, 99-200, 95-116, 98-170, Report and Order and Notice of Proposed Rulemaking and Report and Order, FCC 06-94 (adopted June 21, 2006) (*2006 Contribution Methodology Reform Order*).

telecommunications services (WATS); subscriber toll-free services; 900 services; message telephone services (MTS); private line; telex; telegraph; video services; satellite services; resale services; frame relay and ATM services; and interconnected VoIP services.<sup>5</sup> Note, for example, that all incumbent and competitive local exchange carriers provide access to an interstate public network and, therefore, provide interstate telecommunications. There are no exemptions for data or non-voice services.

Note also that entities must file this Worksheet, and are subject to universal service contribution requirements, if they offer interstate telecommunications for a fee to the public even if only a narrow or limited class of users could utilize the services. Included are entities that provide interstate telecommunications to entities other than themselves for a fee on a private, contractual basis. In addition, owners of pay telephones, sometimes referred to as "pay telephone aggregators," and interconnected VoIP providers must file this Worksheet if they do not qualify for the *de minimis* exemption under the Commission's universal service rules.

Marketing agents (i.e., entities that market services on behalf of a telecommunications provider) are not themselves telecommunications providers and are not required to file this Worksheet. The amounts remitted to or retained by the marketing agent are treated as expenses of the underlying provider and may not be deducted from underlying carrier revenues. A reseller is not a marketing agent.

The following three sections list types of telecommunications providers that are not required to file the FCC Form 499-Q. Note that such entities are treated as end users by their underlying carriers and therefore may be subject to pass-through charges.

1. Universal service exemption for *de minimis* telecommunications providers

Section 54.708 of the Commission's rules states that telecommunications carriers and telecommunications providers are not required to contribute directly to the universal service support mechanisms for a given year if their contribution for that year is less than \$10,000.<sup>6</sup> For an interconnected VoIP provider that would otherwise contribute to the universal service fund in response to the Commission's *2006 Interim Contribution Methodology Order*, the *de minimis* threshold for the fourth quarter of 2006 is \$2500 (one-quarter of the annual *de minimis* exception).<sup>7</sup> Thus, potential contributors whose contribution to the universal service support mechanisms would be *de minimis* under the universal service rules are not required to file the Worksheet (FCC Form 499-Q) or contribute directly to universal service. Telecommunications carriers and other telecommunications providers should complete the table contained in Figure 1 to determine whether they meet the *de minimis* standard. To complete Figure 1, potential filers and all affiliates must first complete block 3 of the Worksheet and enter the amounts from Line 120(b) and 120(c) in Figure 1.

Telecommunications providers that do not file this Worksheet because their contributions would be *de minimis* should retain Figure 1 and documentation of their contribution base revenues for three years and may be required to provide it to the FCC, the FCC's Data Collection Agent or the Universal Service Administrative Company (USAC) upon request.

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<sup>5</sup> See 47 C.F.R. § 9.3 (defining interconnected VoIP).

<sup>6</sup> 47 C.F.R. § 54.708.

<sup>7</sup> See *2006 Contribution Methodology Reform Order* at n.203.



Figure 1: Table to determine if a contributor meets the *de minimis* standard for purposes of universal service contribution

1	Interstate contribution base for the quarter for filer (amount reportable on filer's FCC Form 499-Q; Line 120(b))	\$
2	International contribution base for the quarter for filer (amount reportable on filer's FCC Form 499-Q; Line 120(c))	\$
3	Interstate contribution base for the quarter for all affiliates* (total of amounts reportable on FCC Form 499-Q; Line 120(b) for all affiliates of the filer)	\$
4	International contribution base for the quarter for all affiliates (total of amounts reportable on FCC Form 499-Q; Line 120(c) for all affiliates of the filer)	\$
5	Consolidated interstate contribution base: Line (1) + Line (3)	\$
6	Consolidated international contribution base: Line (2) + Line (4)	\$
7	Total potential contribution base for filer and its affiliates: Line (5) + Line (6)	\$
8	Combined interstate contribution base as a percentage of total potential contribution base: Line (5) / Line (7)	%
9	Interstate contribution base for filer from Line (1)	\$
10	If the amount in Line (8) is equal to or greater than 12%, enter into Line (10) the international contribution base for the filer from Line (2). If the amount on Line (8) is less than 12%, enter \$0	\$
11	Revenue base for the filer for the quarter for determining contributions to universal service support mechanisms: Line (9) + Line (10)	\$
12	If the projected revenues on Lines (1) and (2) include projected pass-through charges for contributions to federal universal service support mechanisms, enter the total amount of projected pass-through charges. If the projected revenues on Lines (1) and (2) do not include any universal service pass-through charges, enter \$0.	\$
13	Contribution base; Line (11) – Line (12)	\$
14	Annualizing multiplier	4
15	Annualized contribution base; Line (13) multiplied by Line (14)	
16	Estimation factor for determining whether to file a 499-Q	0.104**
17	Estimated annual contribution: amount in Line (15) multiplied by Line (16)	\$
<p>* Unless otherwise specifically provided, an affiliate is a "person that (directly or indirectly) owns or controls, is owned or controlled by, or is under common ownership or control with, another person." For this purpose, the term 'owns' means to own an equity interest (or the equivalent thereof) of more than 10 percent. See 47 U.S.C. § 153(1).</p> <p>** The estimation factor is based on a contribution factor of .115, which is higher than the contribution factor announced for the second quarter of 2006, and a corresponding circularity factor of .102213. See <i>Public Notice</i>, DA 06-571. Actual contribution factors for future quarters may increase or decrease depending on quarterly changes in program costs and the contribution base. Filers whose actual contribution requirements total less than \$10,000 for the calendar year will be treated as <i>de minimis</i> and will receive refunds, if necessary. Filers whose actual contribution requirements total \$10,000 or more are required to contribute to the universal service support mechanisms and must file this Worksheet.</p>		

2. Exception for government, broadcasters, schools, and libraries

Certain entities are explicitly exempted from contributing directly to the universal service support mechanisms and need not file this Worksheet. Government entities that purchase telecommunications services in bulk on behalf of themselves, *e.g.*, state networks for schools and libraries, are not required to file or contribute directly to universal service. Public safety and local governmental entities licensed under Subpart B of Part 90 of the Commission's rules are not required to file or contribute directly to universal service. Similarly, if an entity provides interstate telecommunications exclusively to public safety or government entities and does not offer services to others, that entity is not required to file or contribute directly to universal service. In addition, broadcasters, non-profit schools, non-profit libraries, non-profit colleges, non-profit universities, and non-profit health care providers are not required to file the Worksheet or contribute directly to universal service. As explained above, these non-contributors must be treated as end users by their underlying carriers and therefore may end up contributing indirectly as a result of pass-through charges.

3. Exception for systems integrators and self providers

Systems integrators that derive less than five percent of their systems integration revenues from the resale of telecommunications are not required to file or contribute directly to universal service. Systems integrators are providers of integrated packages of services and products that may include the provision of computer capabilities, interstate telecommunications services, remote data processing services, back-office data processing, management of customer relationships with underlying carriers and vendors, provision of telecommunications and computer equipment, equipment maintenance, help desk functions, and other services and products). Legal entities that provide services only to themselves or to commonly-owned affiliates need not file.

B. Filing by Legal Entity

Each legal entity that provides interstate telecommunications service for a fee, or that provides interstate interconnected VoIP service, including each affiliate or subsidiary of an entity, must complete separately and file a copy of the attached Telecommunications Reporting Worksheet, except as provided for below. Entities that have distinct articles of incorporation, articles of formation or similar legal documents are separate legal entities. Each affiliate or subsidiary should identify their ultimate controlling parent or entity on Block 1 Line (105) -- Holding Company.

Consolidated filing will be permitted only if the filing entity certifies that all of the following conditions are met:<sup>8</sup>

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<sup>8</sup> *Federal State Joint Board on Universal Service, 1998 Biennial Regulatory Review Streamlined Contributor Reporting Requirements Associated with Administration of Telecommunications Relay Service, North American Numbering Plan, Local Number Portability, and Universal Service Support Mechanisms, Telecommunications Services for Individuals with Hearing and Speech Disabilities, and the Americans With Disabilities Act of 1990, Administration of the North American Numbering Plan and North American Numbering Plan Cost Recovery Contribution Factor and Fund Size, Number Resource Optimization, Telephone Number Portability, Truth in Billing and Billing Format, Further Notice of Proposed Rulemaking and Report and Order, CC Docket Nos. 96 45, 98 171, 90 571, 92 237, 99 200, 95 116, 98 170, 17 FCC Rcd 3752 (2002) (First Further Notice).*